

EXHIBIT 1

INTRODUCTION

Respondent Voters for Honesty and Integrity in Politics (“Committee”) was a state general purpose recipient committee organized with the stated purpose of promoting voter education and awareness. Respondent Ricardo A. Torres II was the treasurer of Respondent Committee.

In this matter, Respondents made late independent expenditures in connection with the March 5, 2002, statewide primary election and failed to disclose required contributor information in a late independent expenditure report.

For the purposes of this stipulation, Respondents’ violations of the Political Reform Act (the “Act”)¹ are stated as follows:

COUNT 1: Respondents Voters for Honesty and Integrity in Politics and Ricardo A. Torres II failed to properly disclose required contributor information in a late independent expenditure report, in violation of section 84204, subdivision (b).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and so that improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Duty to File Late Independent Expenditure Reports

Section 82013, subdivision (a) defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient” committee.

Section 82031 defines an “independent expenditure” as including an expenditure made by any person in connection with a communication that expressly advocates the

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

election or defeat of a clearly identified candidate but which is not made to or at the behest of the affected candidate or committee. Under the Act, “person” is defined to include a committee. (Section 82047.)

Under section 84204, subdivision (a), when a committee makes a late independent expenditure, the committee must file a late independent expenditure report disclosing the expenditure and other required information within 24 hours of making expenditure. Section 82036.5 defines a “late independent expenditure” as an independent expenditure of \$1,000 or more that is made for or against any specific candidate or measure involved in an election before the date of the election, but after the closing date of the last campaign statement required to be filed prior to the election, by a candidate or committee participating in such election. Under section 84200.8, for elections that are not held in June or November of an even-numbered year, the late independent expenditure reporting period covers the last 16 days of the election.

In addition to disclosing information regarding the late independent expenditure (for example, the amount and a description), section 84204, subdivision (b) requires that a late independent expenditure report also disclose specified information regarding contributors who made contributions aggregating \$100 or more to the committee during “the period from the day after the closing date of the last campaign report filed to the date of the late independent expenditure, or if the committee has not previously filed a campaign statement, covering the period from the previous January 1 to the date of the late independent expenditure.” The information required by subdivision (b) of section 84204 includes all of the following regarding the contributor: “(1) His or her full name. (2) His or her street address. (3) His or her occupation. (4) The name of his or her employer, or if self-employed, the name of the business. (5) The date and amount received for each contribution received during the period covered by the campaign statement and if the contribution is a loan, the interest rate for the loan. (6) The cumulative amount of contributions.” (Section 84211, subd. (f)(1)-(5).)

Treasurer Liability

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a committee’s treasurer to ensure compliance with all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee’s treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Committee was a state general purpose recipient committee located in Los Angeles and organized with the stated purpose of promoting voter education and awareness. Respondent Ricardo A. Torres II was the treasurer of Respondent Committee. The initial statement of organization for Respondent Committee was filed on February 26,

2006, seven days before the March 5, 2002, statewide primary election. For the March 5, 2002, election, the late independent expenditure reporting period was February 17, 2002, through March 4, 2002. All contributions received by Respondent Committee, totaling \$21,000, were received by Respondent Committee shortly before the election; between February 28, 2002, and March 1, 2002. Respondent Committee filed a statement of termination on January 8, 2003.

COUNT 1

Failure to Disclose Contributor Information in a Late Independent Expenditure Report

On March 1, 2002, Respondents made independent expenditures totaling \$15,390 to oppose State Assembly candidate Fabian Núñez. Respondents timely filed the corresponding late independent expenditure report on March 2, 2002. The report was the first campaign report filed by the recently established Respondent Committee. Although the filing was timely, the late independent expenditure report was incomplete as it consisted only of the first page of the report. As a result, the report failed to disclose any of the required information that should have been included on subsequent pages. Specifically, information regarding contributions made to Respondent Committee and the contributors who made them.

By failing to properly disclose required contributor information in the late independent expenditure report, Respondents violated section 84204, subdivision (b).

CONCLUSION

This matter consists of one count, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000).

There is no typical stipulated administrative penalty for the failure to disclose contributor information in a late independent expenditure report. Stipulated administrative penalties that result in this type of harm have historically been in the middle of the applicable penalty range, depending upon the circumstances of the violation.

In mitigation, the violation was not intentional. After investigation by the Enforcement Division, it was concluded that the contributor information missing from the late independent expenditure report could be traced back to campaign reporting software that had not been updated to generate and print the complete report. Omission of the information was not caught upon review or signature prior to filing.

On balance however, all contributions received by Respondent Committee were received shortly before the election. As a result, at the time the Respondent Committee made the \$15,390 in late independent expenditures opposing State Assembly candidate Fabian Núñez, Respondent Committee had not yet filed any campaign statement containing substantive disclosure in connection with the March 5, 2002, election. Thus, although the

amount and description of the late independent expenditures were timely disclosed, by failing to also report the required information regarding the source and amount of these contributions, the public was deprived of any information prior to the election about who was supporting the Respondent Committee.

Accordingly, the facts and circumstances of this case justify the imposition of an administrative penalty of One Thousand Five Hundred Dollars (\$1,500).